THE MAIN ADVISORY
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Piecing It All Together
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2015—The Year of Change

Wow, another year for the record books. Not only did 2015 fly by, but it was filled with change. Not all change is bad, of course, but change oftentimes slows us down as we strategize a new course of direction or adapt to a new reality.

I usually begin a year with writing the newsletter near the top of my "to do" list. So, in keeping with the theme of change, I'm going to end 2015 with this task.

Sadly, 2015 was a year of loss; two of my uncles passed away and several clients as well. Many of the colleagues in my study group, including me, processed more death claims than we had our whole career combined. The untimely deaths were indiscriminate as to age and gender reminding once again that owning life insurance is a privilege to be sought while young and in good health.

Suzanne chose to retire in May after fourteen years with Main Advisory. She didn't leave before meticulously detailing her processes for all aspects of her job. Her shoes are big to fill, but we are managing well.

The investment markets began the year with a few jitters but nothing severe. Then, in August the Dow Jones Industrial Average plunged 1000 points, but recovered by mid-October. Overall, the major market indices look to be flat to slightly negative on the year. After nearly seven straight years of a bull market, a pullback or flat lining was no surprise.

I wrote in the January 2015 newsletter that this would be a year of currency wars. The first shot across the bow in this arena came in January from Switzerland, but other countries such as China and Japan played their role on the battlefield. The U.S. Dollar gained strength against most other currencies creating headwinds for companies that export from the U.S. This trend was reflected negatively in both revenues and earnings for multi-national corporations. There was good news for those traveling abroad because a stronger dollar made international travel more affordable. There are several economists predicting that the dollar will eventually one day be at parity with the Euro, so it's time to begin planning that dream vacation to Europe.

Much of the market gyrations for 2015 can be directly tied to the Federal Reserve and their decision, perhaps the best word usage is "indecision", whether to raise interest rates. The expectation was for the rates to rise in September, but it didn't happen. But, alas, they were raised 0.25% in December. I'd argue the Federal Reserve Board had to or proceed with an increase, otherwise, lose what remaining credibility they possessed. Now, instead of wondering IF rates will rise the guessing game will center upon the pace and magnitude of future increases. It appears many bets are on for another increase in March 2016.

One of the biggest changes that completely blindsided me was with Social Security rules. I've spent countless hours learning and teaching through public appearances the claiming strategies for individuals about to sign up for Social Security benefits. I integrated Social Security strategies into my financial plans. Out of left field, with no warning, the rules changed. The changes are wide reaching, so a bit more detail is warranted on the subject.

The concept of considering Social Security strategies was ushered into being with the passage of the Senior Citizen Freedom to Work Act of 2000. The intent of the act was to allow an individual who chose to return to the workforce to voluntarily suspend his/her benefits and restart them at a later date. Thoughts prevailed that individuals were reluctant to seek employment for fear of losing their benefits. This was the answer to the problem.

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The Year of Change *(continued from Front Cover)*

The spousal benefit, originally designed in 1939, aimed to give the spouse of a retired worker a benefit of 50% of that workers benefit amount. If the higher income earning spouse had not claimed a benefit, the lower earning spouse claimed against his/her own earnings. The ability to voluntarily suspend a benefit created an opportunity for a worker to file for benefits and immediately suspend to allow his/her spouse to begin receiving the 50% spousal benefit. The strategy worked especially well for a spouse who had not reached full retirement age or who had a lower earnings history. This resulted in a husband and wife receiving a much larger benefit than they otherwise would be eligible to receive prior to the legislation of 2000.

Beginning April 30, 2016 the game is changing. Voluntary suspension is still permitted. However, and this is a big "however", spousal benefits will also be suspended. The change applies to individuals turning 62 after 2015. There will be no change for those who have previously taken advantage of the "file and suspend" strategies allowing a spouse to receive a larger benefit.

There are still four more years of planning under the old rules for anyone who is already 62 or older and hasn't applied for Social Security benefits. Calculations for whether to claim benefits or suspend to allow the benefits to increase will be an important consideration for future planning.

There is finally a positive change for anyone participating in a SIMPLE IRA plan through work that came to be with the December 2015-2016 Tax Extenders Bill passed by both parties of Congress and signed by President Obama. Previously, a SIMPLE IRA could only be could only accept a rollover of assets from another SIMPLE IRA, so anyone changing jobs who had a 401k or other employer sponsored retirement plan was prevented from consolidating the accounts into one for ease of management and oversight. The only caveat is that the initial contribution to the SIMPLE IRA plan must be seasoned for two years prior to merging other assets.

It would be nice to think that the change cycle has ended, but I'm already planning for sweeping changes to the retirement planning landscape likely to be legislated by the Department of Labor in 2016. It has been difficult to gear up or quantify the impact because there were rumors it could be derailed by a bipartisan law from Congress. Because President Obama has threatened to veto any overriding legislation, any "hail Mary" will likely fail. The topic is an overriding agenda item for my upcoming study group meeting. Moreover, there are several conferences on my radar to address the situation; more on this later when the legislation is finalized.

I look forward to what 2016 has to bring. And, we get an extra day in February to enjoy it!! May it be your best year ever. ■

Darla D. Main, CFP®

President and CEO of Main Advisory, Inc.

"THE SECRET OF CHANGE IS TO FOCUS ALL OF YOUR ENERGY. NOT ON FIGHTING THE OLD, BUT ON BUILDING THE NEW."

- SOCARATES

Let me Introduce You....

On September 11, 2015, my family grew by another little boy. Micah joined the ranks of Mac, Mason and Elliot to become our fourth grandson. I'd like to say he shows some resemblance of the Main family, but he is the spitting image of his father! Mason proudly introduces him as his "baby brudder Micah" and was quite accepting of the addition to his home. Thus far, Micah is incredibly happy and rarely cries, for which we are all thankful. ❤

A Victory Worthy of Celebration!!

This piece of good news deserves a dedicated space because it positively impacts so many readers of this newsletter who may be involved with local charities or are charitably minded.

The Protecting Americans from Tax Hikes (PATH) Act of 2015 (you've got to love the title if nothing else) passed in late December permanently extended the opportunity to make qualified charitable distributions (QCDs) from retirement accounts directly to a charity. For many years, the exercise has been temporary and up for vote time and time again. Well no more; it is now permanent -- permanent as "permanent" can be in Washington, D.C. However, take note that it appears more difficult to pass laws than to overturn them.

Here are a few critical rules:

- *Only applies to IRA owners or beneficiaries who are actually age 70½ or over.*
- *Capped at $100,000 per person, per year, and counts towards client's Required Minimum Distribuiton.*
- *Must be made via direct transfer or check made payable to the charity.*
- *No split-interest gifts of any type will qualify.*
- *May only be made from the taxable portion of IRAs, Roth IRAs, and INACTIVE SEP and Simple IRAs*
- *Distributions are not taxable, but there is no charitable deduction permitted on the tax return*
- *The contributions must be 100% deductible—no taxpayer benefits allowed*
- *The gift must be made to a qualified charity*

Making charitable gifts directly from the retirement plans instead of giving after tax has a domino effect of reducing taxes on social security income and lowering the income that determines Medicare premiums, too. Contact me if you wish to explore this opportunity further.

PUPPY Liza Your Paw Pal

It is exciting to share the creative genius of one of our long term clients and friends. For anyone who has young children among family and friends, this is a must read. I'd like to extend my appreciation to Johny, the creator, for providing this informative description of her vision.

"Puppy Liza is a subscription letter writing business designed for the benefit of children to promote a love of reading while engaging their active imaginations. Letters arrive once a month in the mail and include a special surprise. I believe all children love to receive mail. Perhaps you remember from your own childhood being excited at the thought of receiving or sending a letter, but Puppy Liza letters are even more entertaining because they are written from a dog's point of view, namely my own chocolate Labrador Retriever named Liza. The personified Liza lives with her fictional family: Mom, Dad, and the children Samuel and Beatrice; but many of the real adventures which a child, grandchild, relative, or friend will follow mirror those of my own two sons growing up with Liza. Other universal topics are drawn from my more than thirty years as an elementary school teacher, reading specialist, and Lower School administrator.

There are several ways to join in the fun with Liza. Subscribers can visit Puppy Liza's website (www.PuppyLiza.com) and download a free sample like the one below where Liza discovers ducks in the bathtub, download twelve letters and the special treats arrive in the mail, or purchase a complete package of letters and trinkets and let Puppy Liza carry those to the post office. It is my hope that each reader will look forward to receiving their monthly letter, read and re-read the stories, and identify with the characters as they learn. The website also describes fun facts about Puppy Liza and has blog posts of all her neighborhood dog friends. I hope to meet many new paw pals very soon."

MEET THE NEW FACE AT MAIN ADVISORY INC.

I am so pleased to introduce you to Nancy Diel. Nancy joined Main Advisory in October and adds a tremendous value to the team. She has mastered all the software systems required to keep us running smoothly. Nancy never meets a stranger and overflows with personality plus. Her role is to oversee distribution requests, address changes, online access, special events and, most of all, paperwork.

Nancy is a graduate of Waynesburg University with a double major in Accounting and Business Management. She has a diverse resume of work experience, but most recently held the important position as CEO of the Diel household. Nancy's husband, Joe, daughter, Abby, and son, Jake, continue to fill her after work hours with activities.

Marco Island is a favorite vacationing spot where the extended family gathers at Nancy's parent's winter home every summer. She is involved in a book club and spends time chaperoning Abby's gymnastics team to various competitions throughout the northeast. Soon, she and Joe will be college shopping with Jake. Her life is very full, so I'm very fortunate to have her aboard at Main Advisory.

Many of you have already met or spoken with Nancy. For those whom we haven't connected with, yet, don't hesitate to reach out. ■

There's an App for That!

In the theme of change, we are going to switch up this column to include an overview of Apps that add value to our daily lives. I'm reaching out to you for assistance in this regard. Email me the favorite app you use most often along with a few words about how and why it enhances your life.

I am addicted to the Starbucks app. It is so easy to use. The nearest Starbucks can be seen from the deck of our home, so it also makes the app a bit more dangerous. I order my Grande Flat White before turning on the ignition of my car every morning. By the time I make the two minute drive to the store, my hot drink is waiting on the counter. I've learned that online ordering supersedes all those folks standing in line ordering the old fashioned way.

The morning baristas at Starbucks have become friends. Tiffany manages to place a creative design atop the foam of my drink nearly every day. Jason, the manager, makes sure the new hires get the exact amount of espresso shots in my drink. Those friendly faces are a great way to begin a day.

Here is the downside to the app; you lose track of how much you actually spend on this luxury. Because a certain amount of cash is loaded onto the app periodically, the payment is automatically deducted from the balance. I hit the "confirm order" tab and wa-la the magic appears within two minutes. Once the balance gets to zero, I reload. I don't take the phone or purse inside to retrieve my drink. The reality of paying has been removed from the equation. Clever but so dangerous!!

So, there you have it--true confessions from a Starbucks addicted financial advisor. ■